

## TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the “Commission”), under the authority vested in it under the Political Reform Act (the “Act”)<sup>1</sup> by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **November 12, 2010**, at the offices of the Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments must be received at the Commission offices no later than **5:00 p.m.** on **November 10, 2010**.

### BACKGROUND/OVERVIEW:

Government Code Section 82028 defines a gift as any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater benefit is not received. Commission regulations regarding gifts are contained in Regulations 18940 et seq. The regulatory amendments suggested herein are the first in a multistep process to revise, update, and make internally consistent the Commission’s gift regulations. An additional goal of the proposed amendments is to improve clarity and make the regulations consistent and understandable.

### REGULATORY ACTION:

Amend 2 Cal. Code Regs. § 18940: Regulation 18940 is the guide or index to the gift regulations. This proposed amendment updates that guide.

Adopt 2 Cal. Code Regs. § 18940.1: This regulation is proposed for adoption and it would define the major terms used in the gift regulations.

Amend 2 Cal. Code Regs. § 18940.2: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18941: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18941.1: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

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<sup>1</sup> The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

Amend 2 Cal. Code Regs. § 18942: Regulation 18942 contains the exceptions to the gift rules. These proposed changes clarify that payments from “in-laws” excepted as gifts from the Act, include former in-laws; that “aunts,” “uncles,” “nephews” and “nieces” include grand aunts, uncles, nephews, and nieces; and that “first cousin” includes first cousins once removed. The changes also place into the regulation exceptions set forth in other existing gift regulations.

Amend 2 Cal. Code Regs. § 18942.1: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Adopt 2 Cal. Code Regs. § 18942.2: This proposed regulation would add a definition of “home hospitality.”

Amend 2 Cal. Code Regs. § 18943: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18944: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18944.1: In addition to the proposed minor edits the proposed amendments would add a requirement that elected officials who attend events for the purpose of reviewing the facilities provide their observations with respect to such review. Additionally, proposed amendments make it clear that school district officials attending district events in their own districts have not received a gift and need not apply the provisions of this regulation.

Amend 2 Cal. Code Regs. § 18944.2: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18944.3: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18944.4: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18945.1: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Repeal 2 Cal. Code Regs. § 18945.3: This regulation is proposed for repeal because it is repetitive of the statutory provisions under Sections 87210, 87313, and 86203, Government Code.

Amend 2 Cal. Code Regs. § 18945.4: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18944.4: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments. As part of those amendments, the regulation provides new definitions distinguishing tickets and passes.

Amend 2 Cal. Code Regs. § 18946.1: Except as indicated below, there are no substantive amendments to this regulation. The proposed amendments are all editing amendments. One minor proposed change clarifies that an unused ticket is valued at its market value after the day of the event and eliminates the absolute provision of no value.

Amend 2 Cal. Code Regs. § 18946.2: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18946.3: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

Amend 2 Cal. Code Regs. § 18946.4: Regulation 18946.4 was recently amended. This regulation is a valuation regulation that provides an exception to the standard method of valuation for tickets to nonprofit and political fundraising events. When last revised, the proposed amendment was to eliminate the “no value” rule for tickets to 501(c)(3) non profit fundraisers. As a middle approach, the exception was limited to one ticket, but the exception was applied to all tickets to nonprofit and political fundraisers, not just to those under the no value rule. This change has created confusion. Staff recommends that the one ticket restriction only apply to the no value rule for 501(c)(3) nonprofits. Staff further recommends that the provision limiting the application of the regulation to a political fundraiser only if it is held in California be eliminated so that all political fundraisers are included.

Repeal 2 Cal. Code Regs. § 18946.5: The provisions of this regulation have been moved to Regulation 18942, the exceptions regulation. Accordingly, staff proposes that Regulation 18946.5 be repealed.

Amend 2 Cal. Code Regs. § 18946.6: There are no substantive amendments to this regulation. The proposed amendments are all editing amendments.

#### SCOPE:

The Commission may delete provisions, adopt the language noticed herein, or choose new language to implement its policy.

#### FISCAL IMPACT STATEMENT:

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

**AUTHORITY:** Government Code section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act.

**REFERENCE:** The purpose of those regulations is to implement, interpret, and make specific the procedures for valuing gifts to nonprofit and political fundraisers, consistent with various provisions of the Political Reform Act (Government Code Sections 81000-91014). Specific Government Code sections implemented, interpreted, or made specific by those regulations are indicated in the “Reference” section at the end of each regulation.

**CONTACT:** Any inquiries should be made to William J. Lenkeit, Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, CA 95814; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/index.php?id=247#2>.